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LETTERS & BULLETINS

An Update on Georgia Tech's Budget

May 12, 2010**To the campus community of Georgia Tech:**

During its monthly meeting yesterday, the University System of Georgia's Board of Regents (BOR) set tuition and fees and also approved budget allocations for the upcoming fiscal year, FY11. I want to take this opportunity to explain our current financial situation, the BOR actions, and the impact of those actions.

At this point, the Georgia General Assembly has completed its work and the amended budget for FY10 has been signed by the governor. In addition, while the proposed FY11 budget is in the hands of Governor Perdue, there is still some uncertainty with regard to how the budget will be apportioned and if furlough days will be required as part of the overall plan. We anticipate that these questions will be resolved by the BOR and the chancellor in the next few weeks. The information we have been provided, however, does allow us to complete our plans for the current fiscal year, FY10, and begin our planning for the FY11 budget.

The legislature and the governor recently amended the FY10 state budget to reflect the continued downturn in the receipt of state revenues. This was not unexpected and through a combination of additional federal stimulus funds, the mid-year reductions we implemented last fall, and careful stewardship, we appear to be well positioned to close the current fiscal year successfully.

The proposed budget for FY11 forwarded by the General Assembly to the governor for his signature requires the University System of Georgia to absorb additional formula and line item appropriation reductions of \$161 million, or 8.1 percent. This amount is partially offset by additional one-time stimulus funding of approximately \$23 million, which will have to be absorbed in future years. However, the proposed budget also provides the system new formula funding and cost adjustments in the amount of \$126 million.

At yesterday's meeting, the BOR distributed the additional cuts and new formula funding to the individual institutions. Georgia Tech's portion of the appropriation reduction is \$5.2 million, but this is offset by federal stimulus funds and additional formula funding totaling \$12.3 million, some of which is earmarked for fringe benefits and physical plant cost increases. These additional cuts bring the total reduction for Georgia Tech over the three most recent fiscal years — FY09, '10, and '11 — to \$67.2 million, or 23.8 percent of our FY09 base. In addition, it is important to note that the federal stimulus funds we received to date are not expected to be available in FY12 or the following fiscal years.

[2010 Annual Report \(9.2M PDF\)](#)

[\(/president/sites/president/files/GeorgiaTech2010InteractiveAnnualReport.pdf\)](#)

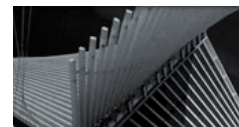
[Georgia Tech Fact Book](#)

<http://www.irp.gatech.edu/factbooks/factbook.html>

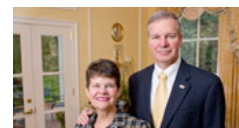
[Recent Trends and Milestones: Summer 2010 \(2.0M .pdf\)](#)



[\(/president/sites/president/files/trends-milestones-summer-2010.pdf\)](#)

[Ethics](#)

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In a separate but related action yesterday, the BOR also approved a \$500 per semester increase in tuition for both resident and nonresident students at Georgia Tech, excluding those students on the Guaranteed Tuition Plan. For in-state students who qualify, this increase will be covered under the HOPE Scholarship program. This tuition increase will move us closer to the market value as determined by comparison with our peer institutions and will provide some limited flexibility in budgeting for Institute programs.

Our current plans are to use the new tuition dollars to preserve and enhance our instructional and student-related activities, address critical academic issues such as the faculty-student ratio and the availability of course sections for our undergraduates, and continue to support the core mission of research.

We believe that the steps taken to date to set aside contingencies and reserves, the additional workload allocation, new tuition revenues, and the diligent efforts of our campus community have positioned us well for the forthcoming fiscal year. These changes will allow us to begin FY11 with a budget that is essentially comparable to how we will end FY 10. However, we still face lean budget circumstances as we enter the new fiscal year, and we all must do our best to ensure wise and careful stewardship of the resources entrusted to us.

In light of the challenging time we all face and the uncertainty surrounding the continued use of furlough days, which will be addressed by the BOR at its June meeting, I have asked the Office of Parking and Transportation to reduce the proposed permit rate increase for a general campus parking permit for the upcoming year from 5 percent to 2 percent. Though a modest saving for the individual, it represents a significant reduction in operating revenue for that program and may need to be reconsidered in future years.

These have been extraordinary times, and we are appreciative of the investments the governor, General Assembly and BOR have made in Georgia Tech. I believe that these investments will allow us to continue to maintain the level of excellence of our education, research, and service mission while continuing to drive the innovations that will facilitate the state's economic recovery. I thank you and want to express my appreciation for your continued support as we work our way through these many challenges.

Regards,

G. P. "Bud" Peterson

President, Georgia Tech